

Message Text

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INFO OCT-01 ISO-00 COME-00 TRSE-00 L-03 AF-08 ARA-10 EA-09
EUR-12 SIG-02 MMO-04 FEA-01 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 LAB-04
NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04
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TREASURY:JGORLIN
L/NEA:DSMALL
NEA/ARN:DREUTHER
EA/EP:MHENDERSON
ARA/ECP:JO'MAHONY
AF/EPS:ESEGALL
EUR/RPE:DLAMB
ARA:BLEVINE (TEL)
AF:MGARRISON/RSALAZAR (TEL)
EUR/SHAGGERTY (TEL)
EA:MKLOSSON (TEL)
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TO ALL DIPLOMATIC AND CONSULAR POSTS
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INFORM CONSULS

E.O. 11652: N/A

TAGS: ETRD, PFOR
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SUBJECT: CALIFORNIA ANTI-BOYCOTT LAW

REF: STATE 282763

1. CALIFORNIA ATTORNEY GENERAL HAS ISSUED OPINION

(NO. 50 76/54; NOV. 24, 1976) INTERPRETING CALIFORNIA
ANTI-BOYCOTT LAW (COPIES 247 OF 1976 CALIFORNIA STATUTES)
OPINION MAKES FOLLOWING POINTS:

A. LAW WILL BE APPLIED PROSPECTIVELY FROM EFFECTIVE
DATE OF JANUARY 1, 1977 AND WILL NOT APPLY TO PERFORMANCE
BY A CALIFORNIA BANK UNDER A LETTER OF CREDIT ISSUED OR
BECOMING OTHERWISE BINDING ON THE BANK PRIOR TO THAT DATE.

B. LAW WILL NOT REPEAT NOT APPLY TO CONFISCATION OR WAR
RISK CLAUSES SUCH AS THOSE PRECLUDING EXPORT OF
COMMODITIES ON FACILITIES OR VIA PORTS OF A COUNTRY
FRIENDLY TO THE UNITED STATES BUT NOT FRIENDLY TO THE
BOYCOTTING COUNTRY.

C. LAW WILL NOT RPT NOT APPLY TO PRIMARY BOYCOTT
CLAUSES; I.E., CLAUSES RELATING TO THE BOYCOTT OF ONE
COUNTRY DIRECTLY AGAINST ANOTHER COUNTRY BY PROHIBITING

IMPORTS OF GOODS PRODUCED IN WHOLE OR IN PART IN SUCH
OTHER COUNTRY, OR PROHIBITING THE EXPORT TO SUCH OTHER
COUNTRY OF GOODS OBTAINED IN THE BOYCOTTING COUNTRY.

2. CALIFORNIA ATTORNEY GENERAL'S OFFICE HAS STATED
TO DEPARTMENT THAT WHILE OPINION WAS FRAMED IN RESPONSE
TO QUESTIONS DEALING SPECIFICALLY WITH LETTERS OF CREDIT,
THE POINTS CONTAINED THEREIN ALSO APPLY TO CONTRACTS
IN GENERAL. THAT OFFICE ALSO INDICATED THAT IT INTENDS
TO CONCENTRATE ENFORCEMENT AT LEAST AT THE OUTSET ON
QUOTE CALIFORNIA ACTIVITIES UNQUOTE IN ORDER TO AVOID
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CONSTITUTIONAL QUESTIONS INVOLVING POTENTIAL CONFLICT
WITH FEDERAL AUTHORITY.

3. DECEMBER 2 WALL STREET JOURNAL ARTICLE REPORTS THAT
BANK OF AMERICA HAS CHANGED POLICY ON PROCESSING OF
LETTERS OF CREDIT IN ACCORDANCE WITH ATTORNEY GENERAL'S
CLARIFICATION AND IS ACCEPTING/PROCESSING LETTERS CON-
TAINING PRIMARY BOYCOTT RESTRICTIONS. BANK OF AMERICA
OFFICIAL CONFIRMED THIS REPORT.
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